

Laidlaw Transportation Limited
Annual Report
1979

HOWARD ROSS LIBRARY
OF MANAGEMENT

DEC 17 1979

MCGILL UNIVERSITY

L A I D L A W

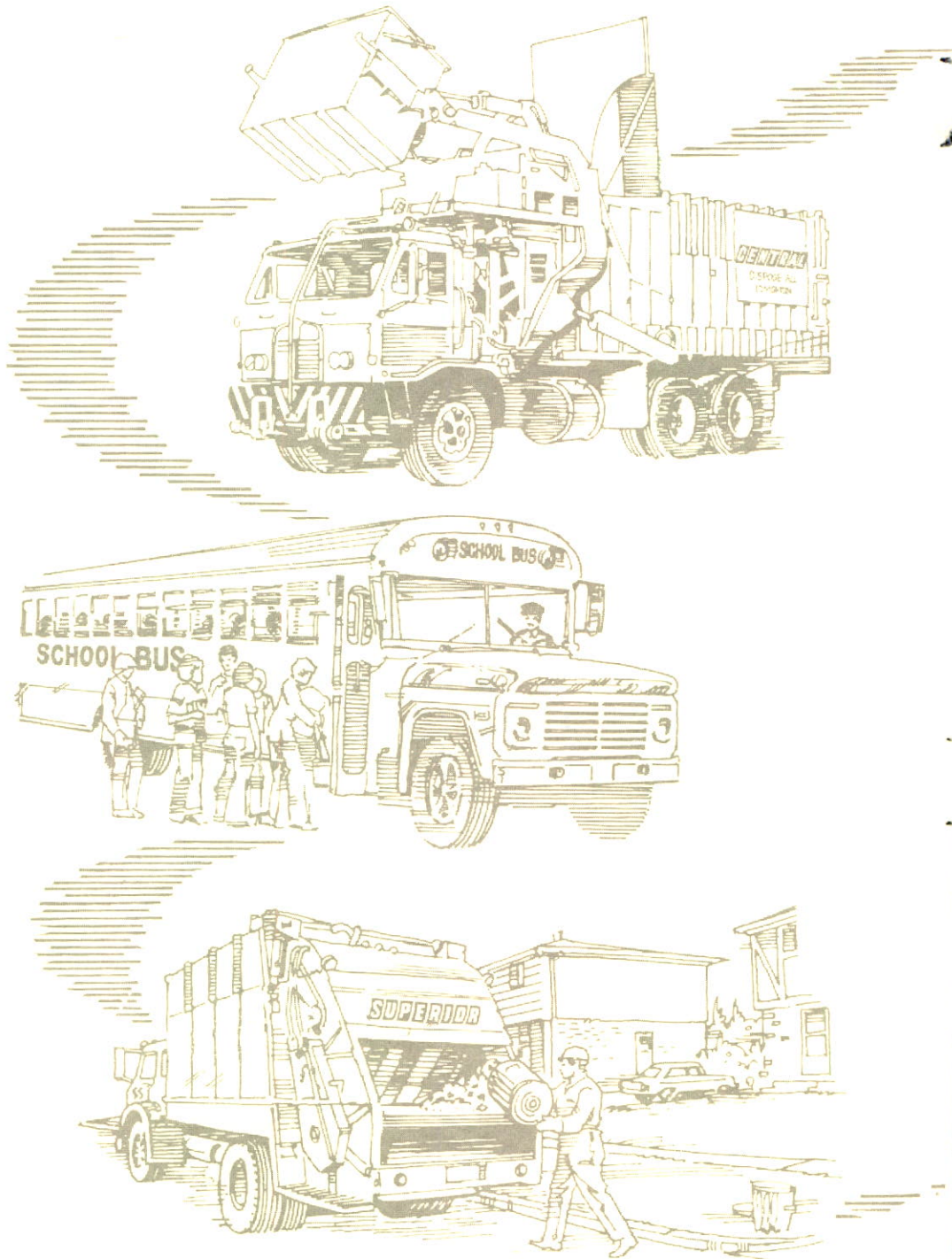
Laidlaw Transportation Limited

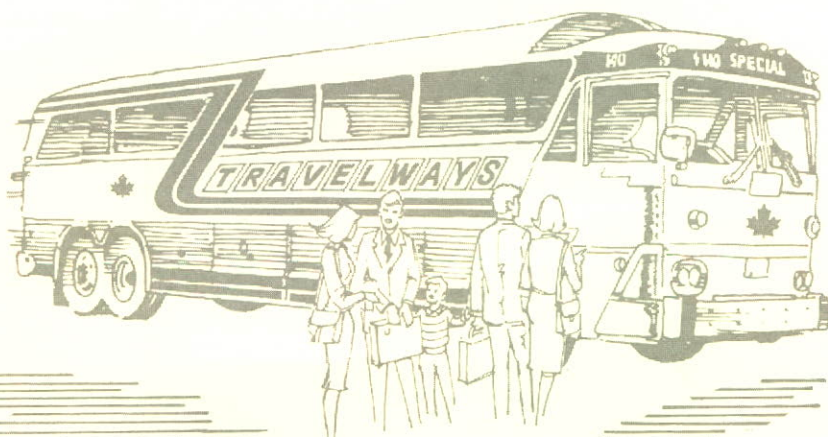
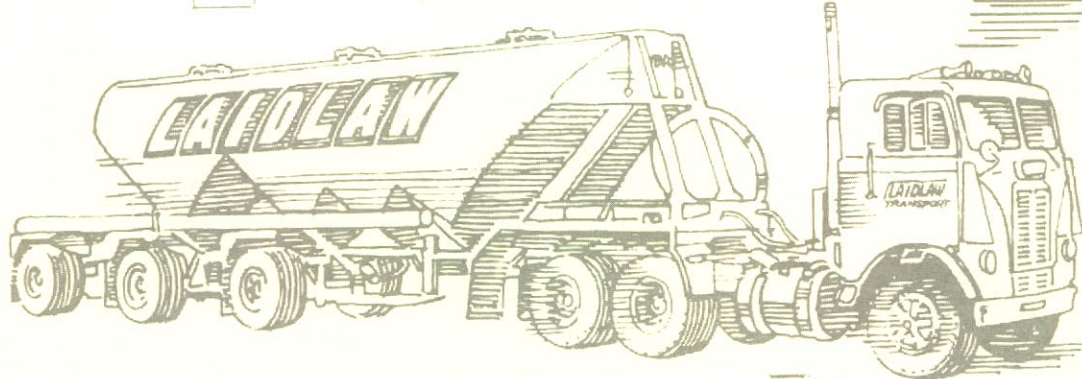
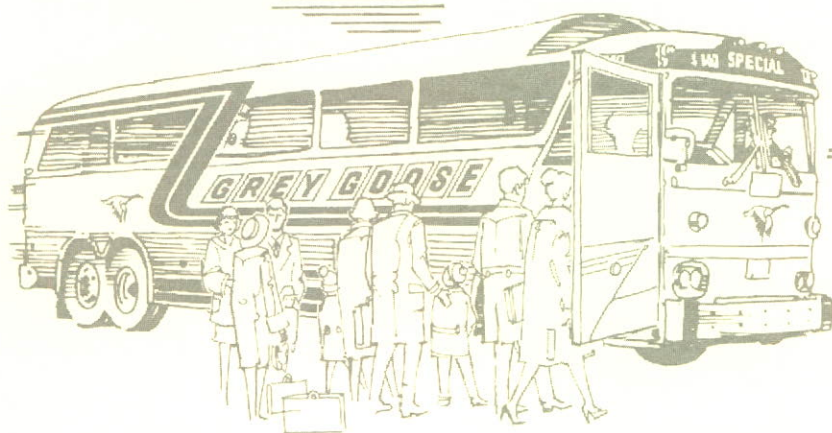
Laidlaw and its 31 subsidiary companies, are in the business of transporting people and goods in 5 provinces and the Northwest Territories, and between Canada and 28 of the United States of America.

The transportation of people is conducted in several forms. In Ontario service is provided under regular school bus contracts for more than 45 school boards. Regularly scheduled daily bus services are provided for several points in Ontario and all major points in Manitoba. From many points in Canada bus charter services and regularly scheduled extensive packaged tours are conducted to all main tourist points in Canada and the U.S.A. In the cities of Edmonton, Calgary and Red Deer, the company operates the largest fleet of taxis and limousines in the Province of Alberta.

The transportation of a large variety of general and bulk goods is handled between most major points in Ontario and between Ontario and Quebec, principally Montreal, as well as between Quebec, Ontario and several states of the U.S.A. Similarly, the Alberta road transport subsidiaries handle general commodity freight between most major points in Alberta and between Alberta and the N.W.T. and B.C.

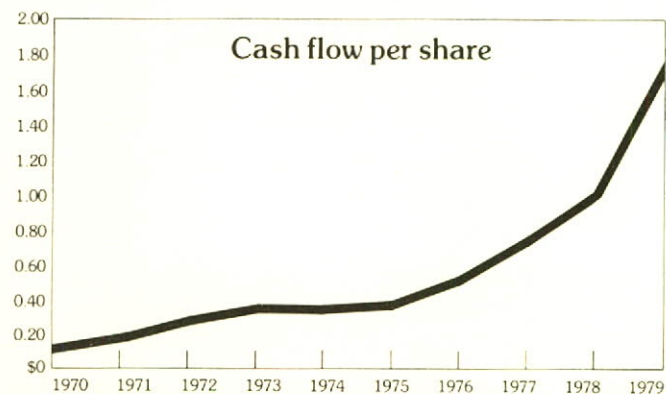
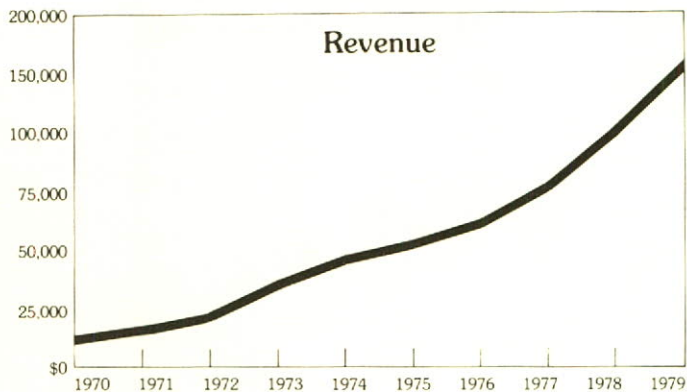
The transportation of wastes, both household and commercial, constitutes one of the largest waste management operations in Canada.





Ten year financial review

(\$000's omitted)



Revenue.

Earnings Before Income Taxes
and Minority Interest.

Taxes on Income.

Net Earnings
— Operations.
— Extraordinary Items.

Total Net Earnings.

Earnings Per Share
— Operations.
— Extraordinary Items.
— Net Earnings.

Dividends Paid — Class A Shares.

Shares Outstanding August 31
— Class A and Class B Shares.
— Preference Series C.
— Preference Series D.

Total Assets.

Working Capital.

Shareholders' Equity.

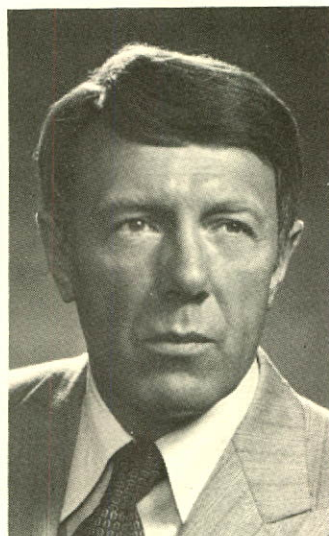
	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970
.....	\$152,034	\$100,240	\$76,337	\$60,555	\$51,352	\$46,346	\$36,128	\$21,767	\$13,563	\$10,018
.....	18,263	13,515	9,355	7,224	6,011	5,299	5,098	2,950	1,800	1,031
.....	8,337	6,273	4,137	3,276	2,878	2,549	2,490	1,372	897	426
.....	9,407	6,832	4,633	3,483	2,819	2,533	2,431	1,578	904	605
.....	862	25	(182)	24	45	565	98	145	50	204
.....	10,269	6,857	4,451	3,507	2,864	3,098	2,529	1,723	954	809

.....	\$0.81	\$0.55	\$0.37	\$0.29	\$0.23	\$0.21	\$0.22	\$0.16	\$0.09	\$0.06
.....	0.08	0.01	(0.01)	0.01	0.01	0.05	0.01	0.01	0.01	0.03
.....	0.89	0.56	0.36	0.30	0.24	0.26	0.23	0.17	0.10	0.09
.....	16.0 Cts.	8.01 Cts.	7.56 Cts.	7.0 Cts.	7.0 Cts.	7.0 Cts.	5.5 Cts.	3.68 Cts.	3.33 Cts.	1.68 Cts.

.....	10,584,940	10,873,680	11,415,680	11,712,220	11,885,880	12,031,512	10,851,052	9,579,012	8,709,120	8,702,400
.....	400,000	400,000	400,000	—	—	—	—	—	—	—
.....	366,389	—	—	—	—	—	—	—	—	—

.....	\$163,125	\$71,490	\$57,570	\$47,748	\$41,738	\$35,738	\$27,879	\$17,192	\$8,671	\$6,826
.....	3,126	10,181	10,714	3,467	3,190	3,166	3,326	1,688	556	833
.....	47,854	27,365	25,759	19,554	17,273	15,657	10,903	7,208	3,941	3,393

President's report to shareholders



Financial Highlights

	1979	1978	Percentage Increase
Revenue.....	\$152,033,850	\$100,239,804	52
Net income from operations.....	9,406,828	6,832,464	38
— extraordinary items.....	861,744	24,659	
Earnings per share			
— operations.....	\$0.81	\$0.55	47
— extraordinary items.....	0.08	0.01	
— net earnings.....	0.89	0.56	

Fiscal year 1979 has been the most eventful year in your Company's history. As indicated in the accompanying results, record growth in revenues and earnings was achieved for the year ended August 31st. Internal growth was recorded in all divisions of your Company and this was augmented by the most ambitious acquisition program in the Company's history.

Revenues and earnings from the acquired companies have been consolidated in this report from the date of acquisition. In the case of the acquired company, Travelways Ltd., 74% of the earnings are included in the consolidated results, representing the percentage ownership of this company as at August 31, 1979.

Acquisitions

Your Company and its 87%-owned subsidiary, Grey Goose Corporation Limited, acquired 74% of the outstanding shares of Travelways Ltd. of Markham, Ontario for cash and 8% preferred shares of the Company and Grey Goose Corporation Limited.

Travelways Ltd. and its wholly-owned subsidiaries operate over 2,200 buses from 22 locations in Ontario, most of which are school buses under contract with some 45 school boards. In addition, Travelways operates scheduled package tours to major tourist attractions throughout Canada and the U.S.A. as well as package tours originating in several countries of Europe destined for various Canadian locations. The Travelways package tour program will compliment the Grey Goose bus divisions in Manitoba and Alberta through equipment interchange and broader Canadian coverage of this rapidly expanding market.

Your Company also acquired all of the outstanding shares of Reliable Transport Limited and Reliable Transport (Quebec) Limited, for cash and 10% notes payable over 5 years.

Reliable conducts general commodity motor carrier operations between the Provinces of Ontario and Quebec. The acquisition

of Reliable substantially broadens the geographic operating area of your Company's Motor Carrier Group and compliments our existing heavy concentration of traffic in Southwestern Ontario.

In addition, Grey Goose Corporation Limited, your Western Canada subsidiary, acquired for cash and 7½% preferred shares of Grey Goose, all of the outstanding shares of Byers Transport Limited of Edmonton, Alberta, and its wholly-owned subsidiary Oldham's Transport Limited of Calgary, Alberta.

Byers and Oldham's conduct general commodity motor carrier operations between most points in Alberta and the Northwest Territories, as well as between Alberta and the lower mainland of B.C.

Combined annual revenues of these three acquisitions will exceed \$85 million for calendar year 1979, over 50% of which relates to bus operations and the remainder of which relates to motor carrier operations. The total purchase

price of approximately \$24.7 million for these 3 acquisitions was accommodated to the extent of approximately \$6.5 million by cash payment, \$3 million by 10% 5-year notes, \$9,159,725 8% preferred shares of Laidlaw, \$2,100,620 8% preferred shares of Grey Goose, in the case of the Byers acquisition, by the issuance of \$3,239,470 7½% preferred shares of Grey Goose, and in the case of the Oldham's acquisition by the issuance of \$750,000 7% preferred shares of Byers Transport Limited.

Capital reorganization and share split

During fiscal year 1979 the outstanding Preference Shares Series A of your Company were redeemed and the balance of the outstanding Share Purchase Warrants expired. In January, 1979 the Class A and B shares were subdivided on a two for one basis. During March, 1979 your Company was continued under the Canada Business Corporations Act. In August, 1979 the outstanding Class B shares were changed to common Class A shares and the Common Class A shares were then split giving each holder of Common Class A shares an equivalent number of Common Class B shares. The Common Class B shares are non-voting but have a preference as to dividends and otherwise rank equally to the Common Class A voting shares in all respects.

Dividends

In view of the increased earnings achieved, your Company's Board of Directors substantially increased dividends on the Class A and B shares from 16¢ per

combined share for the fiscal year ended August 31, 1978 to 32¢ per combined share for the fiscal year ended August 31, 1979. Subsequent to year end, dividends have been increased further to a combined amount of 11¢ per quarter on the Common Class A and B shares, from the combined amount of 9¢ paid during the previous quarter.

Land and building reappraisals

Over the past 10 years your Company, through the acquisition of many companies in the transportation field, has accumulated substantial related real estate assets. To properly reflect more accurate values of these assets on the books of the Company, effective August 31, 1979, an appraisal of all the Company's real estate was obtained from qualified appraisers and as a result an appraisal surplus of \$5.182 million has been recorded on the balance sheet of your Company.

Subsequent events

On August 26th, your Company entered into an agreement to acquire all of the assets of Boss-Linco Lines, Inc. of Buffalo, New York for a total consideration of \$5.44 million U.S. cash or \$3 million U.S. cash and a \$2.94 million U.S. 7-year 7% note, determined at the option of your Company.

Temporary management control was granted to your Company by the Interstate Commerce Commission on October 16, 1979. This transaction is subject to final I.C.C. and other Regulatory Boards' approval and will not be consummated until such approval has been obtained.

Boss-Linco conducts general commodity motor carrier operations from 23 terminals located in 9 states of the Northeastern U.S.A. 1978 revenues of Boss-Linco were \$45 million U.S.

On August 21st, 1979 your Company made an offer to purchase all of the common shares of the minority shareholders of Travelways Ltd. on similar terms as paid to the controlling shareholders. As a result of this offer your Company presently owns 96% of the shares of Travelways Ltd.

On September 25th, 1979 your Company issued and arranged the sale of 1,000,000 non-voting Common Class B shares from treasury. The net proceeds from this transaction amounted to approximately \$7.7 million and were used to replenish the working capital of your Company.

In November, 1979 a subsidiary of Grey Goose Corporation Limited entered into an agreement to sell surplus property situated in Edmonton, Alberta for \$4.2 million.

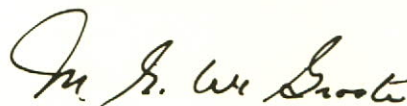
Outlook

Record high interest rates are bound to cause a substantial slowdown in both the U.S. and Canadian economies and as a result our Motor Carrier Group will feel the effect of such a slowdown. During the past few months a management re-organization was completed in the Motor Carrier Group and stringent cost control methods have been adopted. Because our waste management and bus divisions are less vulnerable to economic cycles, they will be affected to a lesser degree during this uncertain period.

Your Company's management efforts are directed toward reducing overhead, improving cash flow to reduce expensive borrowings, and selling duplicate assets resulting from the recent acquisitions. These economies will further strengthen your company's financial resources and enable it to take advantage of the excellent opportunities that can be expected to arise during periods of economic correction such as we are presently experiencing. We look forward to continued improved results for fiscal year 1980.

In conclusion, on behalf of the Board of Directors, I wish to express our sincere appreciation to all the management, staff and employees who have contributed so much toward the record results achieved during the past year, and to thank our customers and shareholders for their continued loyalty and support.

Respectfully submitted,



Michael G. DeGroote
President

Laidlaw Transport Consolidated

(for the year ended)

Assets

	1979 \$	1978 \$
CURRENT ASSETS		
Cash and short-term deposits.....	1,904,335	1,724,347
Marketable securities, (Market value: 1979 — \$4,605,198) 1978 — \$9,551,336) (Note 2).....	3,287,654	6,531,931
Accounts receivable —		
Trade (Note 2).....	23,901,361	11,702,939
Other.....	2,150,010	776,747
Inventories — Parts and supplies.....	4,844,991	2,497,155
Buses for resale.....	2,717,299	—
Prepaid expenses.....	3,938,471	1,741,062
Current portion of conditional sales agreements and mortgages receivable.....	513,416	290,064
	<u>43,257,537</u>	<u>25,264,245</u>
LONG-TERM INVESTMENTS		
Conditional sales agreements and mortgages receivable.....	705,491	351,448
FIXED ASSETS		
Land and improvements.....	18,649,244	3,701,599
Buildings.....	17,649,043	8,352,787
Automotive and other equipment.....	98,025,380	34,868,827
	134,323,667	46,923,213
Less: Accumulated depreciation.....	40,029,293	15,248,690
	<u>94,294,374</u>	<u>31,674,523</u>
OTHER ASSETS		
Excess cost of shares of subsidiaries over book value of net assets.....	13,680,497	9,995,143
Operating authorities.....	10,610,768	3,619,307
Unamortized bond discount and deferred charges.....	576,251	585,410
	<u>24,867,516</u>	<u>14,199,860</u>
	<u>163,124,918</u>	<u>71,490,076</u>

Signed on behalf of the Board

Director Michael G. DeGroote

Director John S. Spearing, F.C.A.



Transportation Limited Balance sheet

August 31, 1979)

Liabilities

	1979 \$	1978 \$
CURRENT LIABILITIES		
Bank advances (Note 2).....	4,721,842	1,895,584
Accounts payable and accrued liabilities.....	20,030,304	7,528,357
Accounts payable secured by new buses for resale.....	2,376,845	—
Income taxes payable.....	4,043,497	3,069,183
Current portion of long-term debt.....	8,958,724	2,590,355
	40,131,212	15,083,479
 LONG-TERM DEBT (Note 3).....	51,403,561	21,790,785
 DEFERRED INCOME TAXES.....	11,012,401	3,262,024
 MINORITY INTEREST (Note 4).....	12,723,292	3,989,038
	115,270,466	44,125,326

Shareholders' Equity

CAPITAL STOCK (Note 5).....	18,850,152	9,899,310
EXCESS OF APPRAISED VALUE OF LAND AND BUILDINGS OVER BOOK VALUE.....	5,181,915	—
RETAINED EARNINGS.....	23,822,385	17,465,440
	47,854,452	27,364,750
	163,124,918	71,490,076



Consolidated statement of earnings and retained earnings

(for the year ended August 31, 1979)

	1979	1978
	\$	\$
REVENUE.....	152,033,850	100,239,804
OPERATING EXPENSES.....	124,118,687	82,299,836
EARNINGS BEFORE THE FOLLOWING.....	27,915,163	17,939,968
Depreciation.....	6,413,328	3,568,896
Interest on long-term debt.....	3,794,012	1,791,277
Interest and dividend income.....	(683,620)	(998,765)
Amortization of other assets, less gain on debenture redemption.....	128,001	64,027
	9,651,721	4,425,435
EARNINGS BEFORE INCOME TAXES.....	18,263,442	13,514,533
PROVISION FOR INCOME TAXES		
Current.....	5,937,414	5,601,997
Deferred.....	2,399,234	670,612
	8,336,648	6,272,609
EARNINGS BEFORE MINORITY INTEREST AND EXTRAORDINARY ITEMS.....	9,926,794	7,241,924
Minority interest.....	519,966	409,460
EARNINGS BEFORE EXTRAORDINARY ITEMS.	9,406,828	6,832,464
EXTRAORDINARY ITEMS (Note 6).....	861,744	24,659
NET EARNINGS FOR THE YEAR (Note 7).....	10,268,572	6,857,123
RETAINED EARNINGS — BEGINNING OF YEAR.	17,465,440	13,596,431
	27,734,012	20,453,554
Cost of shares cancelled in excess of paid up value.....	1,290,812	1,179,485
Premium on redemption of preference shares series A (1978 — series B).....	2,689	200,743
Expense of preference share issues and capital reorganization.....	223,753	—
Dividends — Preference shares.....	691,663	714,354
— Class A and Class B shares.....	1,702,710	893,532
	3,911,627	2,988,114
RETAINED EARNINGS — END OF YEAR.....	23,822,385	17,465,440

Consolidated statement of changes in financial position

(for the year ended August 31, 1979)

	1979 \$	1978 \$
SOURCE OF FUNDS		
Provided from operations.	17,686,587	10,867,712
Net proceeds from issues of preference shares.	11,830,445	—
Obligation to issue preference shares.	3,239,470	—
Proceeds of long-term debt.	48,351,771	10,694,709
Proceeds of sale of fixed assets.	4,258,338	2,271,003
Proceeds from conditional sales agreements and other investments.	654,358	141,238
Extraordinary items.	861,744	91,263
Minority interest introduced.	2,462,972	64,419
Proceeds of conversion of warrants and preference shares to Class A and Class B shares. . . .	71,621	39,675
	<u>89,417,306</u>	<u>24,170,019</u>
USE OF FUNDS		
Purchase of fixed assets.	61,361,703	13,434,571
Reduction in long-term debt.	18,738,995	3,060,190
Purchase of minority interests in subsidiaries.	418,816	1,676,647
Dividends.	2,094,900	1,388,422
Dividends to minority interest.	481,162	342,879
Purchase of other assets.	10,980,830	980,753
Capital stock acquired.	1,484,166	1,483,589
Increase in conditional sales agreements receivable and other investments.	835,948	168,792
Redemption of preference shares.	28,439	2,167,743
Capital reorganization costs.	46,788	—
	<u>96,471,747</u>	<u>24,703,586</u>
DECREASE IN FUNDS.	7,054,441	533,567
WORKING CAPITAL — BEGINNING OF YEAR. . . .	10,180,766	10,714,333
WORKING CAPITAL — END OF YEAR.	<u>3,126,325</u>	<u>10,180,766</u>
FUNDS REPRESENTED BY		
Current assets.	43,257,537	25,264,245
Current liabilities.	40,131,212	15,083,479
WORKING CAPITAL — END OF YEAR.	<u>3,126,325</u>	<u>10,180,766</u>

Notes to consolidated financial statements

(for the year ended August 31, 1979)

1. Significant accounting policies

Consolidation

The purchase method of accounting for business combinations has been used and the accounts of all subsidiaries have been consolidated.

Inventories

Inventories are recorded at the lower of cost or replacement cost.

Fixed assets

The company revalued all land and buildings except those acquired directly or through acquisitions of corporations during the year to fair market value as of August 31, 1979 based on appraisals made substantially by A. E. LePage Limited, independent appraisers.

Depreciation

Depreciation of fixed assets is provided from the date assets are put into service over their estimated useful lives substantially as follows:

On a straight line basis for

Trucks over 5 years

Trailers over 8 years

Buses over 15 years

School buses over 10 years

Taxis over 4 years

Containers over 10 years

Buildings either over 20 years or 40 years depending on their structure

On a declining balance basis at annual rates for

Service Vehicles 30%

Other Equipment 20%

During the year, the company changed the method of depreciating trucks, trailers, containers and buildings from the diminishing balance method at various rates to the straight line method at the rates shown above. This change has not been applied retroactively and had no significant effect on the 1979 results.

Income taxes

The company follows the tax allocation method of providing for income taxes.

Under this method, the provision for income taxes is determined from the earnings reported in the statement of earnings, rather than from the company's income for tax purposes.

Deferred taxes on the balance sheet arise principally from depreciation allowable for tax purposes being in excess of depreciation charged to earnings.

Other assets

For acquisitions made prior to April 1, 1974, it is the policy of the company not to amortize excess cost of shares of subsidiaries over book value of net tangible assets and operating authorities as, in the opinion of management, there is no reason to expect a decline in the value of these assets. For acquisitions after March 31, 1974, the excess cost of shares over fair value of net tangible assets acquired is amortized on a straight line basis over forty years.

Marketable securities

177,123 (August 31, 1978 — 352,123), Canada Permanent Mortgage Corporation 8% Preferred Series B shares of a par value of \$25 per share, for a total par value of \$4,428,075 (August 31, 1978 — \$8,803,075), are owned by the Company and carried at the average effective cost per share to the company, as established by using the equity method of accounting for an interest in a previously affiliated company up to the date of exchange of such shares at December 31, 1977.

2. Security for bank loans

Book debts of certain subsidiaries in the amount of \$13,061,924 (August 31, 1978 — \$7,742,606), and marketable securities have been pledged as security for bank loans and advances.

3. Long-term debt

	1979	1978
	\$	\$
Term bank loans (secured) (Note 2)	22,454,416	9,885,403
Due on equipment		
Chattel mortgages and lien notes due to 1984	10,219,976	569,199
Term bank loans secured by chattel mortgages with interest from bank prime rate to 2% above bank prime rate	8,948,488	2,316,179
Other conditional sales agreements	1,610,214	1,024,940
Term mortgages due to 1983 and renewable to 1988 with interest at 2 1/4% above bank prime rate	2,570,848	—
Mortgages maturing at various dates to February, 1999 with interest rates from 7% to 12 1/4%	3,661,002	2,327,564
Notes maturing at various dates to August, 1987 with interest rates from 6% to 12%	5,628,541	2,145,855
Agreement for sale plus interest at 9 1/4% due April, 1979	—	580,000
Debentures		
7 1/4% Sinking fund debentures Series A due June 15, 1989 to be retired by annual principal deposits of \$50,000 in each of the years 1980 to 1988 inclusive	542,800	592,000
8 3/4% Sinking fund debentures Series B due January 15, 1993 to be retired by annual principal deposits of \$150,000 in each of the years 1981 to 1992 inclusive	2,391,000	2,550,000
9 1/4% Sinking fund debentures of Grey Goose Corporation Limited Series A due February 1, 1994 to be retired by annual principal deposits of \$120,000 in each of the years 1981 to 1993 inclusive	2,335,000	2,390,000
	60,362,285	24,381,140
Less current portion	8,958,724	2,590,355
	51,403,561	21,790,785

4. Minority interest

The minority interest consists of:

	1979	1978
	\$	\$
Preference Shares issued by subsidiaries	8,839,730	2,750,000
Other Equity of subsidiaries	3,883,562	1,239,038
	12,723,292	3,989,038

5. Capital stock

(a) Authorized

Effective March 16, 1979, the company obtained Articles of Continuance under the Canada Business Corporations Act.

The following is the authorized capital:

First, Second, Third and Fourth Preference Shares, each of which is issuable in series, and of which, 400,000 are designated as First Preference Shares, Series C, 513,000 are designated as First Preference Shares Series D and an unlimited number are designated as First Preference Shares Series E.

Class A and Class B Shares

Effective August 7, 1979, Articles of Amendment were obtained to change each Class B share to a Class A share and subsequently to subdivide each Class A share into a Class A and a Class B share. Class B shares are not entitled to any vote but are entitled to a priority in the payment of dividends. Information presented herein has been adjusted retroactively to reflect this reclassification and subdivision.

(b) Reserved for share purchase warrants

At August 31, 1978, 10,830 of the authorized but unissued Class A and Class B Shares were reserved for issue upon exercise of share purchase warrants, which were exercisable at the price of 33.25 cents per share until they expired on June 15, 1979. During the year, warrants for the purchase of 2,730 Class A shares and 2,730 Class B shares were exercised.

(c) Issued and fully paid

	1979		1978	
	Shares	Amount \$	Shares	Amount \$
7% Cumulative First Preference Shares Series A; (redeemed March 13, 1979)	—	—	8,175	81,750
9¼% Cumulative First Preference Shares Series C; redeemable from February 16, 1982 at a stated value of \$10 each plus a premium varying from 7% to 1% of stated value until February 15, 1987 and thereafter without any premium	400,000	4,000,000	400,000	4,000,000
8% Cumulative First Preference Shares Series D redeemable from November 16, 1978 at a stated value of \$25 plus a premium varying from 6% to 1% of stated value until November 15, 1990, and thereafter without any premium.	366,389	9,159,725	—	—
Class A Shares (Note 12)	5,292,470	2,845,214	5,436,840	2,908,780
Class B Shares (Note 12)	5,292,470	2,845,213	5,436,840	2,908,780
		18,850,152		9,899,310

(d) (i) During the year, 61,303 Class A Shares were converted to Class B Shares and 2,625,904 Class B Shares were converted to Class A Shares.

(ii) Effective March 13, 1979, the company redeemed 2,575 First Preference Shares Series A for a total consideration of \$28,439. 5,600 First Preference Shares Series A were converted to Class A shares during the period prior to the date of redemption (1978 - 2,050).

(iii) Effective March 7, 1979, the company subdivided both the Class A and the Class B shares on a 2 for 1 basis and the information presented, herewith, has been adjusted retroactively to reflect this subdivision.

(iv) During the year, the company purchased and cancelled 180,700 Class A Shares and 180,700 Class B Shares for a total consideration of \$1,484,166.

6. Extraordinary items

	1979	1978
	\$	\$
Gain on sale of marketable securities net of applicable income taxes of \$529,506	861,744	—
Income tax recoveries less reassessments of previous years	—	24,659
Gain	861,744	24,659

7. Earnings per share

	1979 \$	1978 \$
Earnings before extraordinary items.....	0.81	0.55
Extraordinary items.....	0.08	0.01
Net earnings for the year.....	0.89	0.56

The earnings per share figures are calculated using the weighted monthly average number of shares outstanding during the respective fiscal years and give retroactive effect to the two-for-one subdivision of shares on March 7, 1979 and the reclassification and subdivision of Class A and Class B shares effective August 7, 1979.

8. Acquisitions

Effective on the dates indicated, the company directly or through its subsidiaries, made the following business acquisitions:

(i) Share purchases:

Effective Date	Business Acquired	% of Outstanding Shares Purchased
March 16, 1979	Travelways Ltd.	74%
March 31, 1979	Reliable Transport Limited	100%
May 1, 1979	Byers Transport Limited	100%
July 1, 1979	Oldham's Transport Ltd.	100%

(ii) Asset purchases:

Effective Date	Business Acquired
September 1, 1978	Bus transportation business assets of Southern Motor & Bus Lines Limited

These acquisitions are summarized as follows:

	Total \$	Travelways Ltd. \$	Reliable Transport Limited \$	Byers Transport Limited \$	Others \$
Net tangible assets acquired at book value.....	11,789,371	5,459,109	3,876,139	1,316,123	1,138,000
Increase of net assets acquired to fair value at date of acquisition.....	11,298,151	5,168,800	3,125,433	3,003,918	—
Excess of cost over fair value of net tangible assets acquired.....	1,965,137	1,965,137	—	—	—
Total consideration given.....	25,052,659	12,593,046	7,001,572	4,320,041	1,138,000
The use of working capital on these acquisitions consisted of:					
Non-current assets acquired.....	53,379,120	32,571,095	11,068,352	6,944,304	2,795,369
Non-current liabilities assumed.....	25,424,978	16,243,843	5,046,927	3,169,488	964,720
	27,954,142	16,327,252	6,021,425	3,774,816	1,830,649
Issue of preference shares.....	9,159,725	9,159,725	—	—	—
Issues of preference shares by subsidiary companies.....	2,850,260	2,100,260	—	—	750,000
Subsidiary company's obligation to issue preference shares.....	3,239,470	—	—	3,239,470	—
Long-term debt financing.....	9,415,204	1,333,062	7,001,572	1,080,570	—
	24,664,659	12,593,047	7,001,572	4,320,040	750,000
	3,289,483	3,734,205	(980,147)	(545,224)	1,080,649
Minority interest introduced.....	2,462,972	2,462,972	—	—	—
Net decrease (increase) in working capital.....	826,511	1,271,233	(980,147)	(545,224)	1,080,649

(iii) Purchase of minority interest

During the year, the company purchased an additional 46,600 shares of Grey Goose Corporation Limited at a cost of \$393,051 bringing the total holding to 2,266,498 shares which represents 87.4% of the issued common shares.

9. Long-term commitments

Rentals payable in the future for leased premises and under long-term hire purchase agreements on automotive equipment totalling \$23,607,816 (1978 — \$23,423,901) are as follows:

	Payable \$
Years ending August 31,	
1980	6,176,364
1981	5,594,015
1982	4,683,098
1983	3,477,168
1984	1,696,000
1985 — 1992	1,981,171

Management estimates the cost of terminating the above agreements to be less than \$10,000,000 as at August 31, 1979 (1978 — \$10,000,000).

10. Contingent liabilities

The company is contingently liable under conditional sales agreements sold to finance companies in the amount of \$498,460 (1978 — \$488,286).

11. Commitment to purchase assets

By an agreement dated August 26, 1979, and conditional upon approval of certain transportation regulatory boards, the Company, through a wholly-owned subsidiary, agreed to purchase all of the assets of Boss-Linco Lines, Inc. for an aggregate consideration of \$5,440,000 (U.S.) cash or \$3,000,000 (U.S.) cash and a \$2,940,000 (U.S.) 7 year 7% note, determined at the option of the Company.

Notes to consolidated financial statements

12. Subsequent events

(i) Effective from August 21, 1979, the Company has outstanding an offer to purchase any and all outstanding common shares of Travelways Ltd. (other than those owned by Grey Goose Corporation Limited) at \$19 per share payable in cash and 8% cumulative redeemable First Preference Shares Series E. Each shareholder of Travelways Ltd. who accepts the Offer will receive in respect of the first and every fourth common share thereafter tendered \$19 in cash and in respect of the balance of the common shares tendered by such shareholder First Preference Shares Series E having a stated value of \$10 each on the basis of 1.9 First Preference Shares Series E for each such common share, subject to payment of a cash equivalent in lieu of fractional First Preference Shares Series E.

The offer, which originally was to expire on September 12, 1979 has been extended and is now open until December 19, 1979. 100% acceptance of the offer by shareholders of Travelways Ltd. will result in an expenditure by the Company of approximately \$1,120,000 and the issuance by the Company of not more than 335,456 First Preference Shares Series E. As of the date of the audit report, 199,950 shares had been tendered pursuant to this offer, and 284,290 Series E shares had been issued by the company bringing the company's total holdings of Travelways Ltd. shares to 96%.

(ii) Pursuant to an Underwriting Agreement dated September 25, 1979, the Company issued 1,000,000 Class B shares for an aggregate consideration of \$8,250,000 the net proceeds of which, after deducting expenses, were approximately \$7,700,000.

(iii) On November 7, 1979, an agreement was entered into to sell certain surplus land and buildings for \$4,200,000 with the transaction to close November 30, 1979. This property was appraised at \$2,115,000 and \$978,000 was included in the excess of appraised value of land and buildings over book value.

Auditors' report to the shareholders

We have examined the consolidated balance sheet of Laidlaw Transportation Limited as at August 31, 1979 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at August 31, 1979 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

LIDLAW TRANSPORTATION LIMITED

REGISTERED OFFICE

65 GUISE STREET

HAMILTON, ONTARIO

NOTICE OF ANNUAL AND SPECIAL MEETING OF CLASS A SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT the Annual and a Special Meeting of the Class A Shareholders of LIDLAW TRANSPORTATION LIMITED will be held in the Toronto II Room of the Hotel Toronto at 145 Richmond Street West, Toronto, Ontario, Canada on Monday, the 14th day of January, 1980 at 3:30 p.m. (Eastern Standard Time) for the following purposes:

- (a) To receive the Annual Report of the Directors to the Shareholders and the Financial Statements for the year ended August 31, 1979, together with the Auditors' Report thereon;
- (b) To elect directors;
- (c) To appoint auditors and to authorize the Directors to fix their remuneration;
- (d) To consider and, if thought fit, to confirm, with or without variation, a Special Resolution passed by the Directors of the Corporation on November 22, 1979 altering the provisions attaching to the First Preference Shares Series D. A copy of the said Special Resolution accompanies this notice; and
- (e) To transact such other business as may properly come before the meeting or any adjournment thereof.

Shareholders who are unable to attend the meeting in person are requested to complete, date, sign and return before the meeting the enclosed form of proxy in the envelope enclosed for that purpose.

DATED at Hamilton, Ontario this 7th day of December, 1979.

By Order of the Board of Directors,

DAVID A. HIGHSON, C.A.

Secretary-Treasurer

LAILAW TRANSPORTATION LIMITED

PROXY CIRCULAR

SOLICITATION OF PROXIES

THIS PROXY CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF LAILAW TRANSPORTATION LIMITED (the "Corporation") of proxies to be used at the Annual and Special Meeting of Class A Shareholders of the Corporation to be held at the time and place and for the purposes set forth in the enclosed notice of meeting. It is expected that the solicitation will be primarily by mail. Proxies may also be solicited personally by regular employees of the Corporation at nominal cost. The costs of solicitation will be borne by the Corporation.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors of the Corporation. A shareholder desiring to appoint some other person to represent him at the meeting may do so either by inserting such person's name in the blank space provided in the form of proxy or by completing another proper form of proxy and, in either case, delivering the completed form of proxy to the Secretary of the Corporation. The by-laws of the Corporation provide that a person appointed as a proxy need not be a shareholder of the Corporation.

A shareholder may revoke his proxy by instrument in writing executed by the shareholder or by his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized and deposited either at the registered office of the Corporation at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used or with the chairman of such meeting on the day of the meeting, or any adjournment thereof, or in any other manner permitted by law.

EXERCISE OF DISCRETION BY PROXIES

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. IN THE ABSENCE OF SUCH DIRECTION, SUCH SHARES WILL BE VOTED FOR THE APPROVAL OF THE FINANCIAL STATEMENTS, THE ELECTION OF DIRECTORS AND THE APPOINTMENT OF AUDITORS AND FOR THE CONFIRMATION OF THE SPECIAL RESOLUTION ALTERING THE PROVISIONS ATTACHING TO THE FIRST PREFERENCE SHARES SERIES D AS DESCRIBED UNDER THAT HEADING IN THIS CIRCULAR. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the meeting. At the time of printing this circular the management of the Corporation knows of no such amendments, variations or other matters to come before the meeting other than the matters referred to in the Notice of Meeting.

VOTING SHARES

As of the date hereof there are 5,292,470 Class A Shares outstanding, each carrying the right to one vote per share. The articles of the Corporation provide that the directors may impose constraints on the right to transfer the Class A Shares. To the knowledge of the directors and senior officers of the Corporation, no person or company beneficially owns, directly or indirectly, equity shares carrying more than 10% of the voting rights attached to all equity shares of the Corporation other than Michael G. DeGroote, President of the Corporation, who, through companies which he controls, owns a total of 2,597,804 Class A Shares. These, together with 25,212 Class A Shares held personally, represent 49.56% of the total outstanding equity shares having voting rights.

ELECTION OF DIRECTORS

The board consists of ten directors to be elected annually. Each director will hold office until the next annual meeting and until his successor is duly elected unless his office is earlier vacated in accordance with the by-laws.

The Corporation has both an audit committee and an executive committee. The members of the audit committee are Messrs. Soule, Spearing and Ward; the members of the executive committee are Messrs. DeGroote, Rosen and Soule.

In the following table and notes thereto is stated the name of each person proposed to be nominated by management for election as a director, other positions and offices with the Corporation and any significant affiliate thereof now held by him, his principal occupation or employment, the period of service as a director of the Corporation and the approximate number of shares of the Corporation and voting shares of Grey Goose Corporation Limited beneficially owned by him or over which he exercises control or direction.

Name and Position or Office with Corporation and Significant Affiliate	Principal Occupation	Director since	Number of Shares (See Note 1)	
			Corporation	Grey Goose Corporation Limited (See Note 2)
MICHAEL G. DeGROOTE President, Laidlaw Transportation Limited Director, Grey Goose Corporation Limited Director, Travelways Ltd.	President, Laidlaw Transportation Limited	1966	25,212 Class A 25,212 Class B 140 First Pref. E (See Note 3)	—
HALLIWELL SOULE, Q.C. Vice-President, Corporate Affairs, Laidlaw Transportation Limited	Vice-President, Corporate Affairs Laidlaw Transportation Limited	1966	830 Class A 830 Class B	—
DOUGLAS H. WARD	Honorary Chairman Dominion Securities Limited	1969	80,000 Class A 80,000 Class B	—
ABRAM J. THIESSEN Chairman, Grey Goose Corporation Limited	Chairman, Grey Goose Corporation Limited	1973	3,800 Class A 3,800 Class B	12,200 Common
JOHN S. SPEARING, F.C.A.	President, Steetley Industries Ltd.	1973	200 Class A 200 Class B	—
JACK M. ROSEN	President, Rosen Metal Co. Ltd.	1974	4,000 Class A 4,000 Class B	—
DOUGLAS R. GOWLAND Executive Vice-President, Motor Carrier Division	President, Laidlaw Transport Limited	1978	—	—
RONALD S. MURRAY	President, Superior Sanitation Services Inc.	1978	1,000 Class A 1,000 Class B	—
LAURENCE J. NEEDLER	Director, Travelways Ltd.	—	51,700 Class A 23,900 Class B 348,099 First Pref. D 283 First Pref. E	—
DONALD M. GREEN	President and Chairman of the Board, Tridon Limited	—	—	—

NOTE 1. The information as to shares beneficially owned or over which they exercise control or direction not being within the knowledge of the Corporation has been furnished by the respective directors individually.

NOTE 2. Grey Goose Corporation Limited is a subsidiary of the Corporation.

NOTE 3. Refer to information contained under the heading Voting Shares in this circular.

All of the above-named nominees have held their present positions or other executive positions with the same or associated firms or organizations during the past five years, except as follows:

From July, 1963 to December, 1977 Mr. Soule was President of Hamilton Trust and Savings Corporation. Throughout the past five years, Mr. Needler has been Chairman of the Board of Travelways Ltd. and Mr. Green has been President and Chairman of the Board of Tridon Limited.

IF ANY OF THE ABOVE NOMINEES IS FOR ANY REASON UNAVAILABLE TO SERVE AS A DIRECTOR, PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR ANOTHER NOMINEE IN THEIR DISCRETION UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS SHARES ARE TO BE WITHHELD FROM VOTING IN THE ELECTION OF DIRECTORS.

DIRECTORS AND OFFICERS REMUNERATION
FROM THE CORPORATION AND ITS SUBSIDIARIES

	NATURE OF REMUNERATION EARNED					
	Directors' fees	Salaries	Bonuses	Non-accountable expense allowances	Others	Total
REMUNERATION OF DIRECTORS						
(A) Number of Directors: 10						
(B) Laidlaw Transportation Limited	\$26,340	—	—	—	—	\$26,340
REMUNERATION OF OFFICERS						
(A) Number of Officers: 5						
(B) Laidlaw Transportation Limited	—	\$162,417	\$48,690	—	—	\$211,107
TOTALS	\$26,340	\$162,417	\$48,690	—	—	\$237,447

The cost to the Corporation and its subsidiaries in the last completed financial year of all benefits proposed to be paid under any pension or retirement plan upon retirement at normal retirement age to the persons referred to above is nil.

PROVISIONS ATTACHING TO FIRST PREFERENCE SHARES SERIES D

The shareholders are to consider and, if thought fit, to confirm, with or without variation, a Special Resolution authorizing the directors to apply for articles of amendment which would alter the provisions attaching to the First Preference Shares Series D by giving to each holder of First Preference Shares Series D the right to convert those shares into First Preference Shares Series E on the basis of two and one-half First Preference Shares Series E for each First Preference Shares Series D so converted. The First Preference Shares Series D and the First Preference Shares Series E have similar attributes except that the stated value of each First Preference Shares Series D is two and one-half times the stated value of each First Preference Shares Series E. If the conversion option were exercised, a greater market would be created for disposing of First Preference Shares Series D. In order to take effect, the Special Resolution must be confirmed by at least two-thirds of the votes cast in respect thereof at the meeting of Class A Shareholders and by at least two-thirds of the votes cast in respect thereof at a meeting of holders of First Preference Shares Series D duly called and held for that purpose. A full text of the Special Resolution has been attached to this proxy circular as Schedule A.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

1. Mr. Ward, a director of the Corporation, is Honorary Chairman of Dominion Securities Limited. Under an agreement dated September 25, 1979 between the Corporation, DGH Investments Ltd. and Pine Hollow Holdings Limited (corporations controlled by the President of the Corporation) and Dominion Securities Limited and Merrill Lynch, Royal Securities Limited, as underwriters, the Corporation, DGH Investments Ltd. and Pine Hollow Holdings Limited sold and the underwriters purchased 1,500,000 Class B Shares in the Corporation at a price of \$8.25 per share. An underwriting commission of \$680,625 was paid to the underwriters by the selling corporations.

2. Pursuant to agreements dated March 16, 1979 and June 29, 1979 among the Corporation, Grey Goose Corporation Limited, Fairway Heights Investments Limited, a company controlled by Laurence J. Needler, and Dorothy Irene Needler, wife of Laurence J. Needler, the Corporation and Grey Goose Corporation Limited purchased 642,790 shares of Travelways Ltd. for a consideration of \$19.00 per share. In payment for these shares, the Corporation issued 366,389 First Preference Shares Series D having a stated value of \$25.00 each, Grey Goose Corporation Limited issued 210,026 First Preference Shares Series B having a par value of \$10.00 each and the balance of the purchase price was paid in cash.

APPOINTMENT OF AUDITORS

Unless such authority is withheld, the persons named in the accompanying proxy intend to vote for the reappointment of Coopers & Lybrand, Chartered Accountants, as auditors of the Corporation.

The contents and the sending of this proxy circular have been approved by the directors of the Corporation.

DATED as of the 7th day of December 1979.

DAVID A. HIGSON, C.A.
Secretary-Treasurer

SCHEDULE A

LAIDLAW TRANSPORTATION LIMITED

RESOLVED as a Special Resolution of Laidlaw Transportation Limited (hereinafter called the "Corporation") that the Articles of the Corporation are hereby amended:

1. To amend the preferences, rights, privileges, restrictions, conditions and other provisions attaching to the First Preference Shares Series D of the Corporation by adding thereto the following:

(a) The First Preference Shares Series D, or any of them, may, upon and subject to the terms and conditions hereinafter set forth, be converted at any time by the holder or holders thereof into fully paid First Preference Shares Series E of the Corporation as the same shall be constituted at the time of conversion on the basis of two and one-half First Preference Shares Series E as presently constituted for each First Preference Shares Series D; provided, however, that, in the event of liquidation, dissolution or winding up of the Corporation, such right of conversion shall cease and expire at noon on the business day next preceding the date of such liquidation, dissolution or winding up;

(b) A holder of First Preference Shares Series D desiring to convert his First Preference Shares Series D into First Preference Shares Series E in accordance with the foregoing shall surrender a certificate or certificates representing the First Preference Shares Series D so to be converted to the registered office of the Corporation or to the transfer agent for the time being of such First Preference Shares Series D, accompanied by a request in writing for such conversion with his signature thereon verified as the directors of the Corporation may from time to time require, and thereupon there shall be issued to such holder by the Corporation, as fully paid and non-assessable, the number of First Preference Shares Series E to which he shall be entitled upon such conversion;

(c) No payment or adjustment in respect of unpaid cumulative dividends on First Preference Shares Series D so converted shall be made upon any such conversions;

(d) If the number of outstanding First Preference Shares Series D or First Preference Shares Series E shall, prior to the exercise by any holder of First Preference Shares Series D of the aforesaid conversion right, be sub-divided or consolidated, the number of First Preference Shares Series E into which such holder may convert First Preference Shares Series D shall be proportionately increased or reduced, as the case may be; and

(e) Nothing contained in the foregoing provisions regarding the conversion of First Preference Shares Series D into First Preference Shares Series E shall be deemed in any way to limit or restrict the rights of the Corporation from time to time to take such lawful proceedings as it may deem advisable for the increase or reduction in its First Preference Shares Series D or First Preference Shares Series E, or otherwise in any other manner to change or deal with the capital of the Corporation or the shares thereof, the rights in respect of such conversions being exercisable in respect of First Preference Shares Series D and of First Preference Shares Series E of the Corporation as they may from time to time be constituted, respectively, subject only to the expressed provisions hereinbefore contained.

2. Any one of the Officers or Directors of the Corporation is hereby authorized to take all such action and execute and deliver all such documentation, including, without limitation, the articles of amendment in the form prescribed by the Canada Business Corporations Act, which are necessary or desirable for the implementation of this resolution.

LAIDLAW TRANSPORTATION LIMITED

NOTICE OF INTENTION

(Given pursuant to Section 88(3)(c) of The Securities Act, S.O. 1978)

NOTICE

This is a Notice of Intention by Laidlaw Transportation Limited (the "Company"), a corporation continued under the Canada Business Corporations Act with its head office at 65 Guise Street, Hamilton, Ontario, to purchase some of its issued Class A and B Shares without par value.

PURCHASE PROGRAM

The Company proposes to purchase the Class A and B Shares from time to time on the open market through the facilities of The Toronto Stock Exchange and The Montreal Stock Exchange. The purchase program under this Notice of Intention will terminate on the earlier of the date when and if the Company has purchased 5% of the outstanding Class A and Class B Shares or the expiry of 12 months from the commencement of the purchase program.

At the date hereof, 5,292,470 Class A Shares and 6,292,470 Class B Shares are issued and outstanding and 5% of the total thereof represents 579,247 Class A and B Shares.

No purchases will be made if there are unusual material developments affecting the profits of the Company until after such information has been published.

The purchase program will commence not earlier than December 27, 1979. The price which the Company will pay for Class A and B Shares purchased by it will be the prevailing market price of Class A and B Shares at the time of acquisition.

SOURCE OF FUNDS AND PAYMENT

Funds for the purchase of the Class A and B Shares will be provided from the operations of the Company.

Payment for the Class A and B Shares purchased will be made by the Company or its agents in accordance with the by-laws and rules of The Toronto Stock Exchange and The Montreal Stock Exchange.

SUMMARY OF TRADES ON THE TORONTO STOCK EXCHANGE

The Class A and B Shares of the Company are listed on The Toronto Stock Exchange and The Montreal Stock Exchange. Each of the issued Class A Shares and Class B Shares of the Company were subdivided on a 2 for 1 basis effective March 7, 1979. Effective August 7, 1979 Articles of Amendment were obtained reclassifying and changing each of the issued Class B Shares into one Class A Share and after giving effect to such change, subdividing each Class A Share of the company issued and outstanding into one Class A Share and one Class B Share. On August 30, 1979 the reclassified and subdivided Class A Shares and Class B Shares were listed for trading on The Toronto Stock Exchange and The Montreal Stock Exchange.

The following summary shows the volume of trading and price range during the periods indicated of the Class A Shares prior to the listing of the reclassified and subdivided Class A Shares and Class B Shares on The Toronto Stock Exchange.

SHARES*

	Volume Traded Class A	High Class A	Low Class A
		\$	\$
November, 1978	401,600	4.406	3.625
December	51,600	4.687	4.187
January, 1979	194,800	5.031	4.656
February	77,200	5.062	4.875
March	172,800	6.437	4.625
April	70,200	6.50	5.50
May	35,800	6.312	5.625
June	183,200	6.50	5.50
July	158,900	7.437	6.25
August 1 to 29	129,400	9.812	7.375

* The prices and volumes on the Class A Shares have been adjusted to reflect the 2 for 1 split on March 7, 1979 and the reclassification and subdivision on August 7, 1979 as if the Class A Shares had been split on a 2 for 1 basis.

The following summary shows the volume of trading and price range for each of the Class A Shares and the Class B Shares on The Toronto Stock Exchange during the periods indicated:

SHARES

	Volume Traded Class A	Class B	High Class A	Class B	Low Class A	Class B
			\$	\$	\$	\$
August 30, 1979	22,200	900	10.00	9.75	9.25	9.50
September	114,000	518	9.875	9.50	8.125	7.625
October	720,000	136,378	8.75	8.375	6.00	5.75
November 1 to 14	63,900	189,500	7.75	7.00	6.125	5.625
December 1-4	1,200	16,520	8.125	7.25	7.875	6.75

REASON FOR PURCHASE

The purpose of the purchase program is to increase the proportionate share interest in the Company of those shareholders who retain their Class A and B Shares, in that all Class A and B Shares purchased under the program will be cancelled, thereby reducing the number of issued Class A and B Shares and increasing the proportionate share interest of all remaining shareholders on a pro-rata basis.

As the cost of purchase will be derived from the cash flow of the Company, it will reduce cash reserves and the Company may in future, if thought advisable and necessary, resort to the market place for additional debt and/or equity financing. It is the Board of Directors' view that purchase of the shares of the Company represents sound value relative to other business investment opportunities, at this time.

BENEFICIAL OWNERSHIP OF CLASS A AND B SHARES

The following table indicates the number of Class A and B Shares beneficially owned or over which control or direction is exercised by each officer, director or other insider of the Company, each associate of an insider of the Company, where known, and each associate or affiliate of the Company, in each case as at November 29, 1979.

	Number of Shares		Percentage of Outstanding Shares	
	Class A	Class B	Class A	Class B
			%	%
*Michael George DeGroot	25,212	25,212	0.5	0.4
Halliwell Soule	1,200	1,200	—	—
Douglas Henry Ward	80,000	80,000	1.5	1.3
Abram John Thiessen	3,800	3,800	0.1	0.1
John Sidney Spearing	200	200	—	—
Jack Murray Rosen	4,000	4,000	0.1	0.1
John Ross Husband	400	400	—	—
Ronald Stewart Murray	1,000	1,000	—	—
*MGD Holdings Ltd.	1,800,884	1,800,884	34.0	28.6
*DGH Investments Ltd.	533,820	296,920	10.1	4.7
*Pine Hollow Holdings Limited	263,100	—	5.0	—
Donald Nelson Burnett	1,000	1,000	—	—
Bernard Melvin Thiessen	4,200	4,200	0.1	0.1
Ronald Abram Thiessen	2,000	7,400	—	0.1
William John Thiessen	700	200	—	—
Denis David Slattery	2,030	2,030	—	—
Ann Slattery	100	100	—	—
Laurence John Needler	51,700	23,900	1.0	0.4

MGD Holdings Ltd., Pine Hollow Holdings Limited and DGH Investments Ltd. are companies controlled by M. G. DeGroot, President of the Company, which collectively, as of November 29, 1979, owned 2,623,016 Class A and 2,123,016 Class B Shares. These together with the Class A and B Shares owned directly by M. G. DeGroot, represent 49.6% of the outstanding Class A Shares and 33.7% of the outstanding Class B Shares.

APPRAISAL

The Company, its officers and directors, are not aware of any appraisal of the Company, its material assets or securities within the two years preceding the date hereof, save for certain appraisals of lands and buildings of the Company and companies controlled by the Company, indicating the appraised values of such lands and buildings to be \$5,181,915 in excess of book values. Reference is made to the consolidated balance sheet of the Company at August 31, 1979 and the notes thereto. Copies of such appraisals may be examined at the principal office of the Company, 65 Guise Street, Hamilton, Ontario during normal business hours, during the period of this issuer bid.

SALES BY INSIDERS

The Company has been advised that none of the holders of the Class A and B Shares listed in "BENEFICIAL OWNERSHIP OF CLASS A AND B SHARES" intends to dispose of their Class A and B Shares at this time. Such holders do not expect to benefit, either individually or collectively, from the purchase program, except to the extent that their holdings will represent an increased proportion of outstanding Class A and B Shares. If the Company purchases 5% of its outstanding Class A and B Shares pursuant to the purchase program, the percentage of outstanding Class A and B Shares presently owned by insiders would increase from 43.4% to 45.7%.

The Company does not have any contract, arrangement or understanding, formal or informal, with any holder of Class A and B Shares with respect to its proposed purchase of Class A and B Shares under the purchase program, nor does the Company have any contract, arrangement or understanding, formal or informal with any person with respect to any securities of the Company in relation to its proposed purchase of the Class A and B Shares under the purchase program.

CANADIAN INCOME TAX CONSEQUENCES

Sales of Class A and B Shares to the Company by its shareholders will generally give rise to taxable capital gains or deductible capital losses depending on the cost base of the shares and the selling price to the Company. The tax effect on each selling shareholder, however, will vary according to circumstances and accordingly shareholders who are considering selling their shares should seek advice from their own counsel.

COST OF PROGRAM

The Company will pay commissions to its agent with respect to any Class A and B Shares purchased under the program at the rate from time to time authorized by The Toronto Stock Exchange. The Company estimates that total expenses, other than brokerage commission, of this program including legal and accounting fees will not exceed \$10,000.

FINANCIAL INFORMATION

A copy of the Company's annual report which includes the audited financial statements for the period ended August 31, 1979 is enclosed with this Notice.

The Company's consolidated income for the last five years is as follows:

Fiscal Year Ended August 31	Revenue \$	Net Earnings \$	Earnings Per Share	
			Operations \$	Extraordinary Items \$
1975	51,351,784	2,864,366	.23	.01
1976	60,554,813	3,506,534	.29	.01
1977	76,337,008	4,451,599	.37	(.01)
1978	100,239,804	6,857,123	.55	.01
1979	152,033,850	10,268,572	.81	.08

PURCHASES BY THE COMPANY

The following are particulars of Class A Shares purchased by the Company during the period commencing November 1, 1978 and ending December 4, 1979.

CLASS A SHARES *				
Date	Number of Shares Purchased	Price Per Share	Amount Paid Including Commissions	
1978		\$	\$	
November	239,200	3 ⁵ / ₈ -3 ³ / ₄	887,651	
December	—	—	—	
1979				
January	—	—	—	
February	20,000	5	100,990	
March	36,800	4 ⁷ / ₈ -5	186,113	
April	23,000	5 ³ / ₄ -6	136,442	
May	—	—	—	
June	1,600	6 ³ / ₈ -6 ¹ / ₂	10,475	
July	—	—	—	
August	—	—	—	
September	—	—	—	
October	—	—	—	
November	—	—	—	
December 1-4	—	—	—	
	320,600 shs.		\$1,321,671	

* The prices and volumes on the Class A Shares have been adjusted to reflect the 2 for 1 split on March 7, 1979 and the reclassification and subdivision on August 7, 1979, as if the Class A Shares had been split on a 2 for 1 basis.

No Class B Shares were purchased during the period summarized.

On August 30, 1978, the Company redeemed 196,700 First Preference Shares Series B, being all such shares then outstanding, for \$11 per share.

On March 13, 1979, the Company redeemed 2,575 First Preference Shares Series A, being all such shares then outstanding, for \$11 per share.

SECURITIES OFFERED TO THE PUBLIC

The Company has not offered any securities to the public during the 5 years immediately preceding the date of this Notice, save as follows:

Date	Class	Offering Price Per Share	Proceeds to the Company
February 15, 1977	400,000 9 ³ / ₄ % Cumulative Redeemable First Preference Shares Series C	\$ 10.00	\$ 3,880,000
October 10, 1979	1,000,000 Class B Shares	8.25	7,692,250

The Company sold to the public 150,000 7% Cumulative Redeemable Convertible First Preference Shares Series A (the "Series A Shares") Par Value \$10 in February, 1970 and 200,000 5% Cumulative Redeemable Convertible First Preference Shares Series B (the "Series B Shares") Par Value \$10 in June, 1972 and as a result of conversions, the following table, together with the conversion of Warrants issued with the \$1,000,000 7¹/₂% Sinking Fund Debentures sold to the public in May, 1969, indicates the Class A and the Class B Shares issued for the last five years.

	Conversion of Warrants		Conversion of Series A Preference Shares		Conversion of Series B Preference Shares	
	Class A	Class B	Class A	Class B	Class A	Class B
	(Note 1)		(Note 2)		(Note 3)	
1975	7,950	7,950	21,078	21,078	—	—
1976	120	120	6,350	6,350	—	—
1977	4,670	4,670	8,940	8,940	—	—
1978	300	300	4,100	4,100	1,600	1,600
1979	2,730	2,730	33,600	33,600	—	—

(Note 1) Each Class A and B Share issued as a result of conversion of the warrants was issued at a price of 33 1/4 cents per share.

(Note 2) The Class A and B Shares issued as a result of the conversion of the First Preference Shares Series A were on the basis of 6 Class A Shares and 6 Class B Shares for each Series A Share converted on or before February 15, 1975. Class A Shares and Class B Shares issued since this date were on the basis of 6 Class A and 6 Class B Shares for each Series A Share so converted, plus payment of \$1.50 for each such Preference Share so converted.

(Note 3) The Class A and the Class B Shares issued as a result of conversion of the Series B Shares were on the basis of 2 Class A and 2 Class B Shares for each Series B Share converted plus payment of \$5.75 for each Series B Share converted.

On June 29, 1979, the Company issued 366,389 8% Cumulative Redeemable First Preference Shares Series D with a stated value of \$25 each and paid \$23 cash as the purchase price for 482,092 common shares without nominal or par value of Travelways Ltd. ("Travelways"), being at an agreed price of \$19 per Travelways share purchased.

On August 21, 1979, the Company made an offer (the "Offer") to purchase any and all outstanding shares of Travelways (other than those owned by the Company and by Grey Goose Corporation Limited, a company controlled by the Company) at \$19 per share payable in cash and 8% cumulative redeemable First Preference Shares Series E of the Company. Each shareholder of Travelways who accepts the Offer will receive in respect of the first and every fourth common share thereafter tendered \$19 in cash and in respect of the balance of the common shares tendered by such shareholder First Preference Shares Series E of the Company having a stated value of \$10 each on the basis of 1.9 First Preference Shares Series E for each such common share, subject to payment of a cash equivalent in lieu of fractional First Preference Shares Series E.

The offer, which originally was to expire on September 12, 1979, has been extended and is now open until December 19, 1979, unless further extended by the Company. 100% acceptance of the Offer by shareholders of Travelways will result in an expenditure by the Company of approximately \$1,120,000 and the issuance by the Company of not more than 335,456 First Preference Shares Series E. To date, the Company has issued 284,290 First Preference Shares Series E and paid cash of \$956,150 to shareholders of Travelways pursuant to the Offer in exchange for 199,950 common shares of Travelways.

DIVIDENDS

The following are the dividends paid on the Class A and B Shares as now constituted for the last five years:

Fiscal Year Ended August 31	Class A *	Class B
1975	\$.07	\$.07
1976	.07	.07
1977	.0756	.0756
1978	.0801	.0801
1979 (Note 1 and 2)	.16	.16

* On February 3, 1975, Common Shares were reclassified as Class A Shares and Class B Shares.

(Note 1) Class A and B Shares subdivided on a basis of 2 for 1 effective March 7, 1979.

(Note 2) Effective August 7, 1979 Articles of Amendment were obtained to change each Class B Share to a Class A Share and after giving effect thereto to subdivide each Class A Share into one Class A Share and one Class B Share.

The Board of Directors on September 21, 1979 declared a quarterly dividend of 5¢ per Class A Share and 6¢ per Class B Share to shareholders of record November 1, 1979 payable November 15, 1979.

OTHER MATERIAL FACTS

(1) By an agreement dated August 26, 1979 and conditional upon approval of certain transportation regulatory boards and two institutional creditors of the parent company of Boss Linco Lines, Inc., the Company, through a wholly-owned subsidiary, agreed to purchase all of the assets of Boss Linco Lines, Inc. for an aggregate consideration of \$5,440,000 (U.S.) cash or \$3,000,000 (U.S.) cash and \$2,440,000 (U.S.) 7% note, to be determined at the option of the Company at time of closing, and the cash portion will be financed, if required, with term bank loans.

(2) A sale was completed on November 30, 1979 of certain surplus land and buildings in Edmonton, Alberta, owned by a subsidiary of the Company under an agreement of sale for a sale price of \$4,200,000 of which \$500,000 was paid on closing, a further \$500,000 is to be paid on or before August 31, 1980 and the balance is to be paid on or before June 30, 1981. This property was appraised at \$2,115,000 and \$978,000 was included in the excess of appraised value of land and buildings over book value at August 31, 1979. Reference is made to the Appraisal on page 2 hereof.

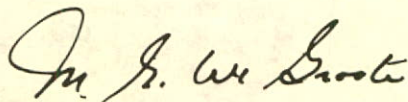
MATERIAL CHANGES

The Company has no plans or proposals for material changes in its business, corporate structure, management or personnel.

CERTIFICATE

The purchase of Class A and B Shares of the Company in accordance with the purchase program described in this Notice has been authorized by the directors.

There are no material changes, or plans for material changes, in the affairs of the Company relating to the proposed purchase program other than those disclosed in this Notice.



President and Chief Executive Officer

DATED December 5, 1979

Corporate information

Board of Directors

Michael G. DeGroote
President & Chief Executive
Officer

Laidlaw Transportation
Limited

Douglas R. Gowland
Executive Vice President
Motor Carrier Group
Laidlaw Transportation
Limited

Charles S. MacNaughton
Company Director

Ronald S. Murray
President
Superior Sanitation Holdings
Limited

Laurence J. Needler
Chairman of the Board
Travelways Ltd.

Jack M. Rosen
President
Rosen Metal Company
Limited

Halliwell Soule, Q.C.
Vice President Corporate
Affairs
Laidlaw Transportation
Limited

John S. Spearing, F.C.A.
President & Chief Executive
Officer
Steeley Industries Limited

Abram J. Thiessen
Chairman of the Board
Grey Goose Corporation
Limited

Douglas H. Ward
Honorary Chairman
Dominion Securities Limited

Honorary Directors
Harold H. Leather, M.B.E.
Honorary Director
The Canada Trust Company

Benson W. Tuckey
Vice President
Laidlaw Transport Limited

Officers

Michael G. DeGroote
President & Chief Executive
Officer

Douglas R. Gowland
Executive Vice President
Motor Carrier Group

Leslie W. Haworth, C.A.
Vice President Finance

Halliwell Soule, Q.C.
Vice President Corporate
Affairs

David A. Higson, C.A.
Secretary-Treasurer

J. Ross Husband, Q.C.
Assistant Secretary

Auditors

Coopers & Lybrand
Chartered Accountants
Hamilton, Ontario

Transfer Agents & Registrars

Guaranty Trust Company of
Canada
Calgary, Montreal, Winnipeg,
Vancouver, Toronto

Crown Trust Company
Toronto
First Preference Shares
Series "E" only

Shares Listed

Toronto & Montreal Stock
Exchanges (LDM)

Banks

The Toronto-Dominion Bank
The Royal Bank of Canada
Canadian Imperial Bank of
Commerce
Bank of Montreal

Head Office

65 Guise Street,
Hamilton, Ontario, Canada
L8L 7X7

Laidlaw Transportation Limited Major Subsidiaries as at August 31, 1979

Motor Carrier Group

Laidlaw Transport Limited	Hamilton, Ont.	100
Laidlaw Transport, Inc.	Buffalo, N.Y.	100
Reliable Transport Limited	Toronto, Ont.	100

Reliable Transport (Quebec) Limited	Montreal, Que.	100
Scott Transport Limited	Oakville, Ont.	100

Peter's Cartage Service (Windsor) Limited	Windsor, Ont.	100
K. F. Marshall Limited	Woodstock, Ont.	100

Provincial Brake & Clutch Service Limited	Hamilton, Ont.	80
Gibson Welding Limited	Hamilton, Ont.	80

Bus Transportation Group

Travelways Ltd.	Markham, Ont.	71
-----------------	---------------	----

Travelways Tours Ltd.	Markham, Ont.
Capital Bus Sales Limited	Ottawa, Ont.
Pioneer Tours Limited	Vancouver, B.C.
Travelways Maple Leaf Ltd.	Markham, Ont.
Travelways School Transit Ltd.	Markham, Ont.

Waste Management Group

Superior Sanitation Services Inc.	Kitchener, Ont.	100
Haul-Away Disposal Ltd.	Surrey, B.C.	66 $\frac{2}{3}$

Associated Refuse & Compaction Services, Inc.	Upper Marlboro, MD	100
--	--------------------	-----

All-Jax Solid Waste Removal Inc.	Jacksonville, Fla.	80
-------------------------------------	--------------------	----

Axler Waste Control Systems Inc.	Mississauga, Ont.	51
-------------------------------------	-------------------	----

Frontenac Chemical Waste Service Ltd.	Hamilton, Ont.	75
--	----------------	----

Grey Goose Corporation Limited	Edmonton, Alta.	87
-----------------------------------	-----------------	----

Bus Transportation Group

Grey Goose Bus Lines (1979) Ltd.	Winnipeg, Man.
-------------------------------------	----------------

Manitoba Motor Transit Limited	Winnipeg, Man.
-----------------------------------	----------------

Waste Management Group

Central Dispose-All Ltd.	Edmonton, Alta.
Acme Sanitation Services (1979) Ltd.	Winnipeg, Man.

Ideal Waste Paper & Rubbish Co., Inc.	Salt Lake City, Utah
--	----------------------

Taxi & Limousine Group Yellow Cab Limited	Edmonton & Red Deer, Alta.
---	-------------------------------

Yellow Cab (Calgary) Ltd.	Calgary, Alta.
Yellow Coach Lines Ltd.	Edmonton, Alta.
Circle Tours Ltd.	Edmonton, Alta.

Laidlaw Transportation Limited/Annual Report/1979